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8 UNITED STATES DISTRICT COURT  
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA  
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11 UNITED STATES OF AMERICA, ) CR No. 13-\_\_\_\_\_  
12 Plaintiff, ) I N F O R M A T I O N  
13 v. ) [18 U.S.C. § 371: Conspiracy]  
14 BRYAN SHAW, )  
15 Defendant. )  
16 )  
17 )

18  
19 The United States Attorney charges:

20 INTRODUCTORY ALLEGATIONS

21 At all times relevant to this Information:

22 1. KPMG, LLP ("KPMG") was an international accounting  
23 firm headquartered in Amstelveen, Netherlands, with branch  
24 offices in, among other places, Woodland Hills, California,  
25 within the Central District of California. Among its various  
26 services, KPMG had an audit department that reviewed and  
27 verified the financial statements of publicly-traded corporate  
28 clients. Because corporate clients disclosed financial

1 information to KPMG in the course of such audits that had not  
2 yet been disclosed to the public, KPMG required that its  
3 employees maintain the confidentiality of information that they  
4 received through their employment at the firm. KPMG also  
5 required that its employees not make securities trades based on  
6 confidential information obtained from its clients, not use that  
7 information for their own personal benefit, or disclose that  
8 information to any third party.

9       2. Scott London ("London") resided in Agoura Hills,  
10 California, within the Central District of California, and was a  
11 senior partner at KPMG's office in Woodland Hills. At KPMG,  
12 London was the partner in charge of the firm's audit practice  
13 for the Pacific Southwest region, including Southern California,  
14 Nevada, and Arizona. London was also the partner with primary  
15 responsibility at KPMG for handling the audits of certain large  
16 corporate clients, including, among others, Herbalife, Ltd.  
17 ("Herbalife") and Skechers USA, Inc. ("Skechers"). London also  
18 supervised accounting partners at KPMG who handled the audits  
19 for other large corporate clients, including, among others,  
20 Deckers Outdoor Corporation ("Deckers"), Pacific Capital Bancorp  
21 ("Pacific Capital"), and RSC Holdings, Inc. ("RSC Holdings").  
22 Through his position at KPMG, London regularly received  
23 confidential information regarding the firm's corporate clients,  
24 including confidential information regarding Herbalife,  
25 Skechers, Deckers, Pacific Capital, and RSC Holdings.

26       3. Defendant BRYAN SHAW ("defendant SHAW") owned and  
27 operated a jewelry business in Encino, California, within the  
28 Central District of California, and was a close friend of

1 London. Defendant SHAW maintained a brokerage account at  
2 Fidelity Investment Services ("the Shaw Fidelity Account").

3 4. Herbalife was a global nutrition company, with  
4 headquarters in Los Angeles, California, within the Central  
5 District of California. The common stock of Herbalife was  
6 registered with the United States Securities and Exchange  
7 Commission ("SEC") under Section 12(b) of the Securities  
8 Exchange Act of 1934 ("the '34 Act"), 15 U.S.C. § 781. The  
9 common stock of Herbalife was listed on the New York Stock  
10 Exchange under the ticker symbol "HLF."

11 5. Skechers was a company that designed, manufactured,  
12 and marketed footwear, with headquarters in Manhattan Beach,  
13 California, within the Central District of California. The  
14 common stock of Skechers was registered with the SEC under the  
15 '34 Act, and was listed on the New York Stock Exchange under the  
16 ticker symbol "SKX."

17 6. Deckers was a company that designed, manufactured, and  
18 marketed footwear and outdoor accessories, with headquarters in  
19 Goleta, California, within the Central District of California.  
20 The common stock of Deckers was registered with the SEC under  
21 the '34 Act, and was listed on the Nasdaq National Market under  
22 the ticker symbol "DECK."

23 7. Pacific Capital was a bank holding company that  
24 operated Santa Barbara Bank and Trust, N.A., with headquarters  
25 in Santa Barbara, California, within the Central District of  
26 California. The common stock of Pacific Capital was registered  
27 with the SEC under the '34 Act, and was listed on the Nasdaq  
28 National Market under the ticker symbol "PCBC." On or about

1 March 12, 2012, Pacific Capital announced that it was being  
2 acquired by UnionBanCal Corporation and its primary subsidiary  
3 Union Bank, N.A. (collectively referred to herein as "Union  
4 Bank").

5 8. RSC Holdings was a company that leased construction  
6 and industrial equipment, with headquarters in Scottsdale,  
7 Arizona. The common stock of RSC Holdings was registered with  
8 the SEC under the '34 Act, and was listed on the New York Stock  
9 Exchange under the ticker symbol "RRR." On or about December  
10 16, 2011, RSC Holdings announced that it was being acquired by  
11 United Rentals, Inc. ("United Rentals").

12 9. A "call option" gives the owner the right to buy a  
13 stock at a specific price, known as the strike price, at any  
14 time during the life of the option. The owner of a call option  
15 can earn a profit when the price of the underlying stock rises  
16 above the strike price specified in the option. The owner of  
17 the option is then able to buy the stock at the strike price and  
18 thereby obtain a profit.

19 10. A "put option" gives the owner the right to sell a  
20 stock at a specific price, known as the strike price, at any  
21 time during the life of the option. The owner of a put option  
22 can earn a profit when the price of the underlying stock drops  
23 below the strike price specified in the option. The owner of  
24 the option is then able to sell the stock at the strike price  
25 and thereby obtain a profit.

1                                    THE INSIDER TRADING CONSPIRACY

2    A.    The Object of the Conspiracy

3            11.    Beginning no later than in or about October 2010 and  
4 continuing through in or about May 2012, in Los Angeles County,  
5 within the Central District of California and elsewhere, London  
6 and defendant SHAW knowingly combined, conspired, and agreed to  
7 commit securities fraud through insider trading, in violation of  
8 Title 15, United States Code, Sections 78j(b) and 78ff, and  
9 Title 17, Code of Federal Regulations, Sections 240.10b-5 and  
10 240.10b5-1.

11   B.    The Manner and Means of the Conspiracy

12           12.    The object of the conspiracy was carried out, in  
13 substance, as follows:

14                a.    London would obtain material, non-public  
15 information ("inside information") regarding certain publicly-  
16 traded KPMG clients, including Herbalife, Skechers, and Deckers,  
17 including but not limited to inside information regarding those  
18 companies' earnings and financial outlook. London would also  
19 obtain inside information regarding the planned acquisitions of  
20 other KPMG clients, including Pacific Capital and RSC Holdings.

21                b.    London would provide the inside information  
22 regarding Herbalife, Skechers, Deckers, Pacific Capital, and RSC  
23 Holdings to defendant SHAW, in violation of (1) the fiduciary  
24 and other duties of trust and confidence that London owed to  
25 KPMG and its clients, (2) the expectations of confidentiality of  
26 KPMG's clients, and (3) KPMG's policies regarding the use and  
27 safekeeping of inside information. In providing this inside  
28 information to defendant SHAW, London knew that defendant SHAW

1 would make securities transactions based on that inside  
2 information, thereby generating substantial illegal profits.

3 c. Defendant SHAW would use the inside information  
4 belonging to KPMG and its clients, knowing that London had  
5 provided that inside information in violation of a duty of trust  
6 and confidence, to make securities transactions in Herbalife,  
7 Skechers, Deckers, Pacific Capital, and RSC Holdings. As a  
8 result of his securities trades based on the inside information  
9 received from London, defendant SHAW generated at least  
10 \$1,270,000 in illegal profits.

11 d. After generating these illegal profits, defendant  
12 SHAW would secretly make cash payments of several thousand  
13 dollars to London as compensation for providing the inside  
14 information regarding KPMG's clients. In all, defendant SHAW  
15 secretly paid London at least \$60,000 in cash for the inside  
16 information. Defendant SHAW would also give London other  
17 valuable items, including jewelry, concert tickets, and a  
18 \$12,000 Rolex Daytona Cosmograph, as compensation for the inside  
19 information.

20 D. Overt Acts

21 13. In furtherance of the conspiracy, and to accomplish  
22 its object, London and defendant SHAW committed and caused to be  
23 committed the following overt acts, among others, within the  
24 Central District of California and elsewhere:

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1           (1) Insider Trading Related to Herbalife's May 2, 2011  
2           Earnings Announcement

3           Overt Act No. 1: In or about April 2011, London  
4 called defendant SHAW and disclosed inside information to  
5 defendant SHAW regarding Herbalife's earnings for the quarter  
6 ended March 31, 2011.

7           Overt Act No. 2: In or about April 2011, defendant  
8 SHAW purchased shares of Herbalife and call options of Herbalife  
9 stock in the Shaw Fidelity Account based on the inside  
10 information about Herbalife's earnings that he received from  
11 London.

12           Overt Act No. 3: Between on or about May 3, 2011, and  
13 on or about May 24, 2011, after Herbalife had announced record  
14 earnings for the quarter ended March 31, 2011, defendant SHAW  
15 sold the shares of Herbalife and the call options of Herbalife  
16 stock that he had purchased in April 2011 based on the inside  
17 information that he had received from London, generating illegal  
18 profits of at least \$305,000.

19           (2) Insider Trading Related to United Rentals' December  
20           16, 2011 Acquisition of RSC Holdings

21           Overt Act No. 4: On or about December 12, 2011,  
22 London called defendant SHAW and disclosed inside information to  
23 defendant SHAW regarding the fact that United Rentals may  
24 acquire RSC Holdings.

25           Overt Act No. 5: On or about December 12, 2011,  
26 defendant SHAW deposited approximately \$30,000 of additional  
27 funds into the Shaw Fidelity Account.

28           Overt Act No. 6: On or about December 14, 2011,  
London called defendant Shaw and disclosed additional inside

1 information regarding United Rentals' potential acquisition of  
2 RSC Holdings.

3 Overt Act No. 7: On or about December 14, 2011,  
4 defendant SHAW transferred an additional \$130,000 into the Shaw  
5 Fidelity Account.

6 Overt Act No. 8: On or about December 14, 2011,  
7 defendant SHAW began to purchase shares of RSC Holdings stock in  
8 the Shaw Fidelity Account based on the inside information that  
9 he had received from London regarding the potential acquisition  
10 of RSC Holdings.

11 Overt Act No. 9: Between on or about December 19,  
12 2011, and on or about December 21, 2011, after RSC Holdings and  
13 United Rentals had jointly announced that United Rentals was  
14 acquiring RSC Holdings, defendant SHAW sold the shares of RSC  
15 Holdings that he had purchased earlier in December 2011 based on  
16 the inside information that he had received from London,  
17 generating illegal profits of at least \$190,000.

18 (3) Insider Trading Related to Union Bank's March 12, 2012  
19 Acquisition of Pacific Capital

20 Overt Act No. 10: On or about February 3, 2012,  
21 London called defendant SHAW and disclosed inside information to  
22 defendant SHAW regarding the fact that Union Bank may acquire  
23 Pacific Capital.

24 Overt Act No. 11: On or about February 3, 2012,  
25 defendant SHAW began to buy shares of Pacific Capital in the  
26 Shaw Fidelity Account based on the inside information that he  
27 had received from London regarding Union Bank's upcoming  
28 acquisition of Pacific Capital.



1           Overt Act No. 12: Between on or about February 3,  
2 2012, and on or about March 11, 2012, defendant SHAW bought  
3 shares of Pacific Capital and call options of Pacific Capital  
4 stock in the Shaw Fidelity Account based on the inside  
5 information that he had received from London regarding Union  
6 Bank's upcoming acquisition of Pacific Capital.

7           Overt Act No. 13: Between on or about March 12, 2012,  
8 and on or about April 24, 2012, after Union Bank had announced  
9 that it was acquiring Pacific Capital, defendant SHAW sold the  
10 shares of Pacific Capital and call options of Pacific Capital  
11 stock that he had purchased earlier in February 2012 and March  
12 2012 based on the inside information that he had received from  
13 London, generating illegal profits of at least \$365,000.

14           (4) Insider Trading Related to Deckers' April 26, 2012  
15 Earnings Announcement

16           Overt Act No. 14: On or about April 18, 2012, London  
17 called defendant SHAW and disclosed inside information to  
18 defendant SHAW regarding Deckers' earnings for the quarter ended  
19 March 31, 2012.

20           Overt Act No. 15: On or about April 18, 2012,  
21 defendant SHAW began to purchase put options of Deckers stock in  
22 the Shaw Fidelity Account based on the inside information about  
23 Deckers' earnings that he received from London.

24           Overt Act No. 16: On or about April 25, 2012, London  
25 called defendant SHAW and disclosed additional inside  
26 information to defendant SHAW regarding Deckers' earnings for  
27 the quarter ended March 31, 2012.

1           Overt Act No. 17: Between on or about April 18, 2012,  
2 and on or about April 26, 2012, defendant SHAW purchased put  
3 options of Deckers stock in the Shaw Fidelity Account based on  
4 the inside information about Deckers' earnings that he received  
5 from London.

6           Overt Act No. 18: Between on or about April 27, 2012,  
7 and on or about May 1, 2012, after Deckers had announced  
8 disappointing financial results for the quarter ended March 31,  
9 2012, defendant SHAW sold the put options of Deckers stock that  
10 he had purchased earlier in April 2012 based on the inside  
11 information that he had received from London, generating illegal  
12 profits of at least \$161,000.

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15           United States Attorney

16           *Don*  
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